

## JACKSON HEWITT FRANCHISE BANNED FROM PREPARING IMPROPER RETURNS FOR NATIVE AMERICANS

Large Florida Franchise Admits to Falsely Asserting That Tribe Members' Casino-Operations Income Is Tax-Free

WASHINGTON - The Justice Department announced today that a federal court in Miami has entered separate injunctions barring a Jackson Hewitt franchise, its owner Ahmad Labib Baltagi, and two employees from preparing federal income tax returns that claim a frivolous federal income tax exemption for casino gaming proceeds paid to Native Americans. The court ordered the firm to notify all customers for whom the firm made such a claim by today.

According to the government's complaint in the case filed earlier this year, the franchise operates approximately 20 Jackson Hewitt offices and employs approximately 150 tax preparers in the Miami area. The court's injunction orders also bar the franchise and the individual defendants from taking any unrealistic position in tax returns prepared for customers in the future.

"Tax return preparers owe it to their customers to know and to properly apply the tax laws," said Eileen J. O'Connor, Assistant Attorney General for the Justice Department's Tax Division. "Those who prepare returns claiming false exemptions or deductions are asking for trouble for themselves and their customers."

The franchise and three individuals agreed to the injunctions and admitted that the firm prepared tax returns improperly asserting that distributions of casino gaming proceeds to tribe members were exempt from federal income tax. The court's injunction orders require the defendants to provide the Justice Department with a list of the name, address, Social Security number, and telephone number of each customer for whom they prepared returns with the improper deductions.

Native Americans, like all Americans, must pay federal income taxes on income they earn or receive unless express language of a statute or treaty exempts it from taxation.